



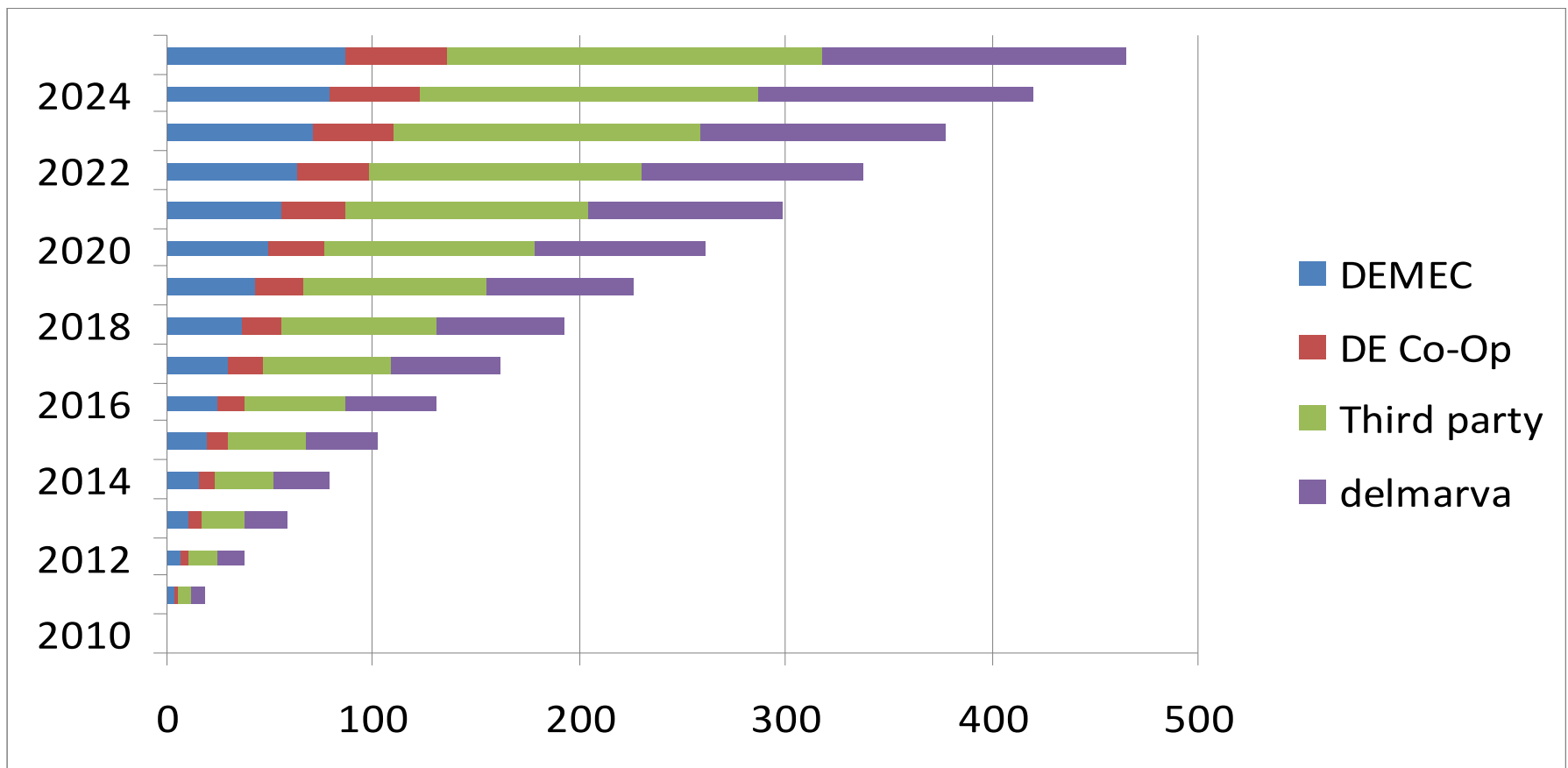
Delivering on the Promise of Clean Energy for Delaware

Renewable Energy Task Force 10/7/2010

Long Term Delaware SREC market



► Megawatts of solar required by utility

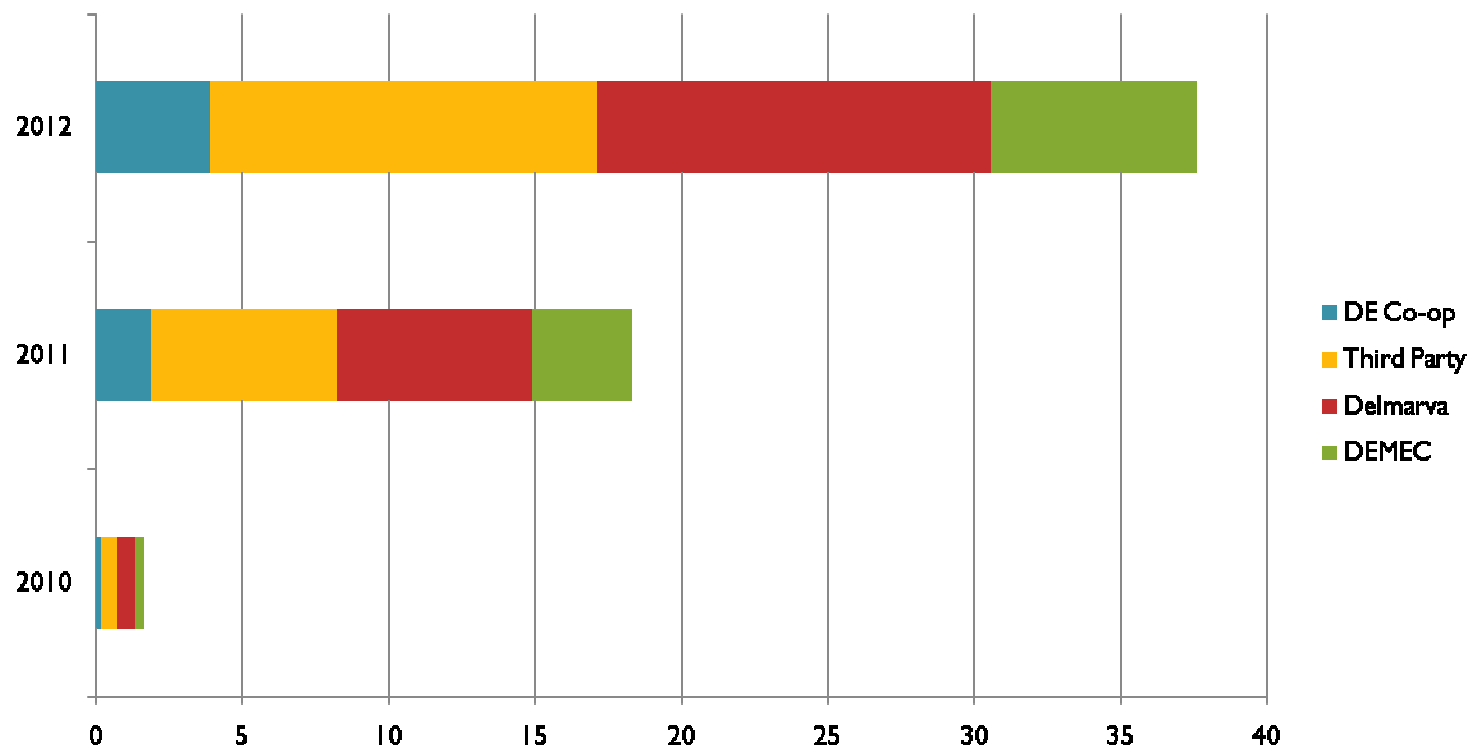


Short Term Delaware SREC Market



► Megawatts of Solar to Reach RPS Targets by Utility

(DEMEC & DE CO-OP participation optional)



5.9 MW Currently Registered with PSC

- Tier 1: To 50 kW

4.16 MW

- Tier 2: 50.1 to 500 kW

1.22MW

- Tier 3: 500.1 to 2

0.52MW

- Tier 4: Above 2 MW

No Existing Installations

25.86 Planned thru 2011

- Tier 1:

6.67 MW

- Tier 2:

4.17 MW

- Tier 3:

5.02 MW

- Tier 4:

10 MW

*All projections based on successful outcome of SREC Procurement Process.

Job Creation versus Tier

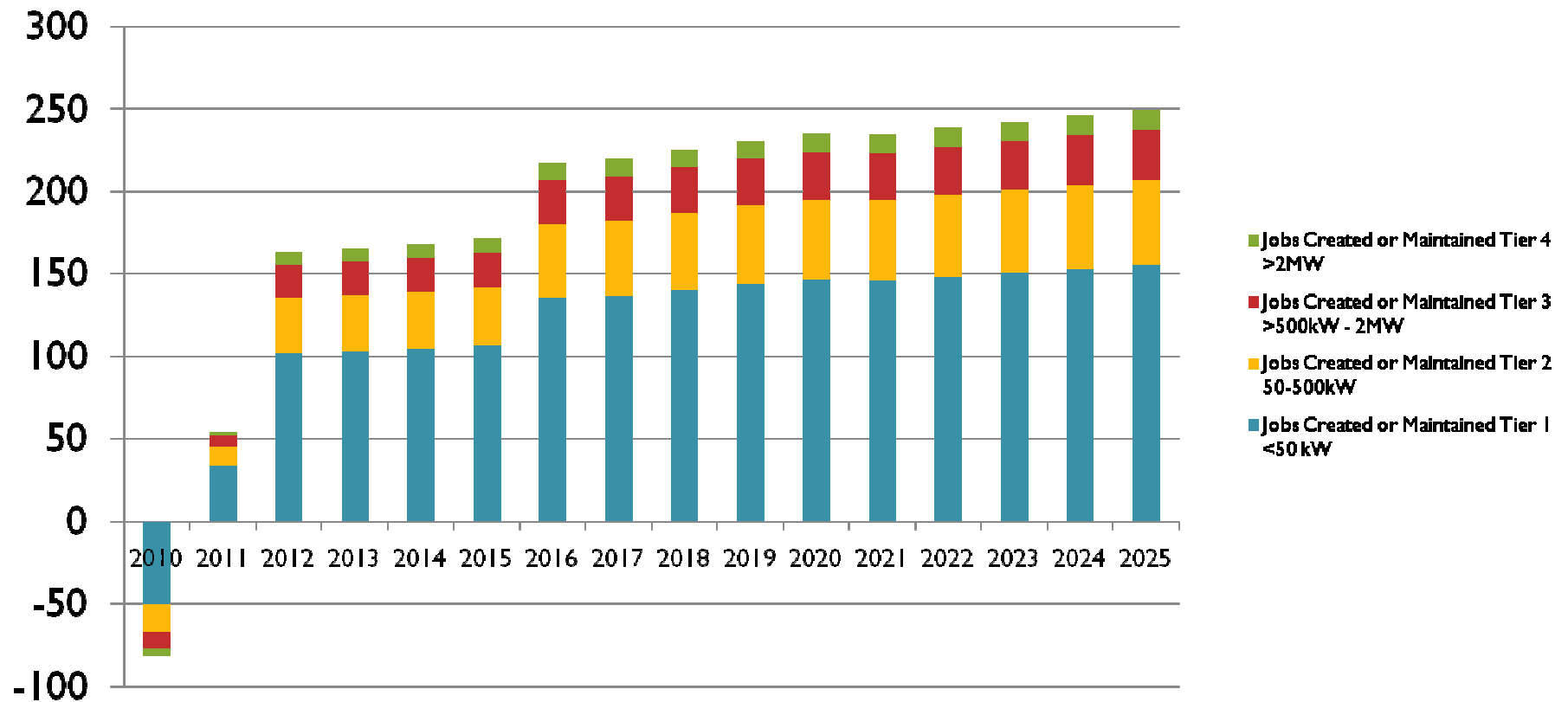


- A 35 person Solar company can develop 1 MW per year of systems 50 kW and below or 3 MW per year of systems 25-500kW
- The same company with the addition of 20 laborer positions, can develop 8 MW of systems above 500 to 2MW each or 20 MW of systems above 2MW
- The larger tiers employ a greater proportion of lower paid laborer positions.
- Tier 4 and to some extent Tier 3 jobs will tend to be project based and more temporary than Tiers 1 and 2.

Jobs Created by Tier



25% of RPS Per Tier



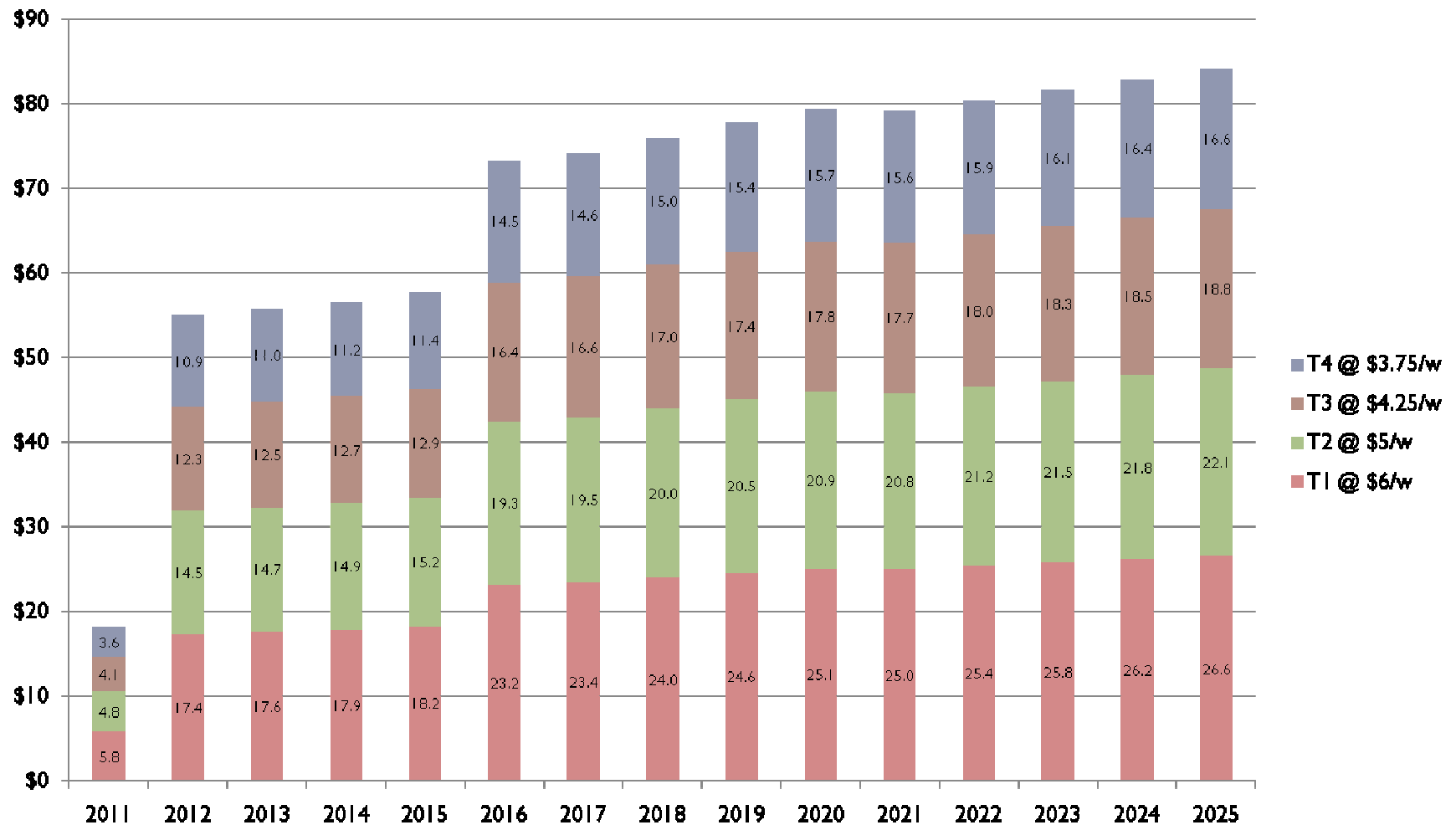
Economic Impact of Tiers

- Current Average Install Cost per Watt:
 - Tier 1 \$6
 - Tier 2 \$5
 - Tier 3 \$4.25
 - Tier 4 \$3.75
- Maximizing private investment in the smaller tiers maximizes the economic gain to Delaware's economy.
- Smaller projects are more likely to use Delaware based labor and manufactured materials.
- To achieve local participation goals of the RPS, the volumetric SREC increase must accrue to the generator.

Economic Impact By Tier



In Millions



SRECs and Achieving RPS goals



- Financing based on SREC income requires securitizing SRECs via long term contracts
- Current Barriers to SREC Contracts in the Market
 - Speculation by all parties
 - Cost of risk protection insurance (bonding)
 - Profit taking by third parties dilutes value
 - Prohibitive administrative costs, especially for smaller projects
- Strong and Predictable SREC Market
 - allows us to shift away from grants and other subsidies
 - Ends boom/bust cycle of job creation and economic investment

Procurement Considerations



- Details of DSEC recommendations of auction and market based pricing.
- 4 Tiers with equal representation amongst the tiers
- Set pricing and reduce administrative costs for tiers 1 & 2 by making a simple volume auction
- Provide reasonable performance assurances to utilities and entity procuring without overly burdening the smaller projects. Probably requires a portfolio approach like insurance. You pay an insurance premium based on your risk pool.
- Program needs to be running in January 1, 2010